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C O N F I D E N T I A L SECTION 01 OF 02 KUALA LUMPUR 002222

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E.O. 12958: DECL: 12/06/2016  
TAGS: [ETTC](#) [ETRD](#) [PREL](#) [CU](#) [MY](#)  
SUBJECT: CUBA: NSC-DIRECTED COUNTRY-BY-COUNTRY REVIEW  
REGARDING SUSPENSION OF TITLE III OF THE LIBERTAD ACT

REF: KUALA LUMPUR 773

Classified By: Economic Counselor Colin S. Helmer. Reasons 1.4 (b) and (d).

¶1. (C) Summary: Based on the information available to post, it appears no Malaysian entities would be subject to Title III sanctions against persons trafficking in confiscated properties in Cuba. Per Ref A request, this message provides post's analysis of Malaysian policies and actions with respect to Cuba, for use in assessing whether to waive Title III of the LIBERTAD Act. There has been no substantive change since Ref B. Post does not believe a decision to waive or not to waive Title III will have a significant impact on Malaysian relations with Cuba; they will remain cordial. However, imposing sanctions against a Malaysian entity would be perceived as a negative political act, and would likely result in more vocal opposition to U.S. policy toward Cuba than Malaysia has demonstrated in the past. End Summary.

#### Investment and Bilateral Trade

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¶2. (U) Malaysia has a very limited economic relationship with Cuba. Total bilateral trade for 2005 was \$2.7 million, up from \$1.8 million in 2004. Trade reached a peak of \$6 million in 2002, mainly because Malaysia extended a \$10-million credit for Cuban imports of Malaysian palm oil. The two countries signed a memorandum of understanding for scientific cooperation in 2002 that is designed to advance cooperation on biotechnology, primarily at a university level. The same year a Malaysian firm (Bioven) headed by Mukhriz Mahathir, son of former Prime Minister Mahathir, signed a joint venture with Cuba's Heber Biotec to manufacture and distribute Cuban biotechnology products, such as vaccines, in Southeast Asia. We have been able to find only a few investments under this arrangement. The initial one was a RM 250,000 (\$66,000) project to develop a meningococcal vaccine. The vaccine has not yet come onto the market.

¶3. (U) In November 2005, Bioven announced that it would collaborate with Cuba's Center for Molecular Immunology (CIM) on clinical trials hoping to lead to production of an anti-cancer vaccine. Bioven will have exclusive marketing rights for any products in the Southeast Asian region and to member countries of the Organization of the Islamic Conference. In conjunction with helping to set up Bioven's trials, Cuban doctors and researchers presented a workshop in Kuala Lumpur. Bioven also inked a deal with Heber Biotech to produce a shrimp growth stimulator to enhance Malaysia's prawn industry. Malaysian investment in Cuba is non-existent, according to Malaysia's Ministry of International Trade and Industry. Malaysia and Cuba signed a bilateral trade agreement in 1997.

¶4. (U) Malaysia's relationship with Cuba in science, biotechnology and health is otherwise limited. In February 2004, the Universiti Sains Malaysia signed five memoranda of agreement with research institutions in Cuba. There were a few media announcements of medical or technical collaboration in 2004 and 2005 but there has been no further news.

¶5. (U) Trinidad Holdings Sdn. Bhd., a trading group based in Kuala Lumpur, has been the exclusive Malaysian distributor for Cuban cigars since 1993, through an agreement with the Pacific Cigar Company Ltd Hong Kong. In the past three years, the company added Cuban wine, beer, and ice cream to its list of products. The products are distributed mainly to hotels and restaurants.

#### Exchange Programs

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¶6. (U) Malaysia reportedly agreed to boost ties between Malaysian and Cuban universities during government high-level meetings in Havana last spring, but there has been no mention of any agreement in the Malaysian media. Cuba and Malaysia occasionally conduct sports, cultural and medical exchanges but they are few in number and scope, and do not seem to be organized under a formal structure. For example, in April, Cubano Festival 2006, sponsored by the Cuban Embassy, began with a local performance by the Afro Cuban All Stars. The three-month festival includes visits by other musicians and displays by Chinese-Cuban artists. This is the second Cuban

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cultural festival to take place in Malaysia.

#### Promotion of Democracy

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¶7. (C) The Government of Malaysia has undertaken no policies or actions of which we are aware to advance democracy, human rights and fundamental freedoms in Cuba. Malaysia is a vocal advocate of non-interference in the internal affairs of other states. Malaysia established diplomatic relations with Cuba 31 years ago.

#### High-Level Visits in the Past 6 Months

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¶8. (U) Malaysia maintains friendly relations with Cuba, and both states currently are members of the Non-Aligned Movement (NAM) Troika. In September, Malaysia's chairmanship ended and Cuba assumed the role of Chair of NAM. Malaysia's Prime Minister Abdullah Badawi traveled to Havana for the official handoff. The Third Joint Commission Meeting (JCM) between Malaysia and Cuba took place in Havana on April 3-5, 2006. The MFA Secretary General headed the Malaysian delegation to a senior officials meeting April 3-4, while Foreign Minister Syed Hamid Albar co-chaired the ministerial level meeting that followed on April 5. During his visit Hamid reportedly discussed bilateral relations, and regional issues such as the NAM, with his counterpart Foreign Minister Felipe Perez Roque. Hamid reportedly also met with Fidel and Raul Castro. During the JMC, Malaysia and Cuba reportedly agreed to create a joint computer services business, and to boost ties between their universities. However, the embassy is not aware of any new joint Cuba-Malaysia developments in either of these areas.

¶9. (C) Malaysia objects in principle to the imposition of

economic sanctions and consequently supports Cuba's opposition to U.S. economic sanctions on Cuba. We would expect Malaysia to protest in principle the imposition of Title III sanctions on any country. The protests would become more vehement if a Malaysian entity were singled out for sanctions. Malaysia could be expected to respond to sanctions by maintaining or even increasing its support for Cuba in the UN and other organizations.

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